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THE CREDIT WORLD

The Official Organ of the
**RETAIL CREDIT MEN'S
NATIONAL ASSOCIATION**
Incorporated

Big Business



THE Merchant who stops to figure where the Profit stops and the Loss begins on his charge sales, becomes an advocate of a community credit policy. Uniform terms for all and insisting upon their being lived up to, is the only way to get profit-producing turnover on Accounts Receivable.

Big Business and Opportunities come to those Merchants who are awake to the possibilities of a well organized, efficiently managed Credit Department.

VOLUME XV
NUMBER 11

JULY
1927



THE ONLY MAGAZINE IN THE WORLD

SPECIALIZING IN RETAIL CREDITS

Here's New Proof of the Value of the New Better Letters Service!



Better Letters Service is splendid—surpasses any of the good things you claimed for it. Started right in writing letters along the line of thought in the different form letters and so far am getting good results from the letters.

M. S. Cann, Cr., Mgr.,
John Thompson Grocery Stores Co.,
Denver, Colo.

This service is worth while to the credit or collection manager who is constantly endeavoring to improve. It provides a stimulus to fresh, crisp, forceful collection letters.

C. W. Whipple, Cr. Mgr.,
The Grolier Society,
Kansas City, Mo.

We have found the three issues of the Better Letters Service to be most interesting and are well pleased with the service in every respect.

Robt. Lienhard, Asst. Secy.,
D. H. Holmes Co.,
New Orleans, La.

For Better Collections— Try Better Letters!

Here are a few sample pages from the first issue of The Better Letters Service—a new service for members, which combines model letters for your use and practical suggestions for the improvement of your own letters.

The service consists of:

A four page "Better Letters Bulletin" every month—filled with practical articles that will help you to write better letters.

"Credit-Sales" Letters: One "inactive account" letter and one letter to solicit new accounts—each month.

Six New Collection Letters—every three months. Six model letters that you can use as they are or change to fit your needs. These alone are worth subscription price.

Every issue comes to you in an attractive folder—for desk or file use.

Only 97 Copies of the First Issue Left!

Order now and begin with the first issue. On all subscriptions for first issue we will include free three model installment letters—WHILE THEY LAST.

Price \$20.00 a Year

Better Letters Service
RETAIL CREDIT MEN'S NATL. ASSN.
Equitable Bldg. - Saint Louis



THE CREDIT WORLD

Official Organ of the
RETAIL CREDIT MEN'S NATIONAL ASSOCIATION

Issued Monthly

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Wasting Profits

Every retail merchant, small and large, is in business for one purpose—to make money; and no retailer can remain long in business unless his profits pay him a fair return on his invested capital.

The public has an idea the retailer makes enormous profits. But research shows a surprising small per cent of *net* profit in most retail businesses. Many retailers are simply "swapping dollars;" others are making less money than they could if they put their invested capital out at interest.

One reason is that this day of easy credit is pyramiding the accounts receivable item, and many credit managers fail to appreciate the actual loss in dollars on accounts carried 60, 90 and 120 days for merchandise marked to sell at a cash price.

We must remember that when we add to our operating expense the cost of collections and the interest (at regular banking rates) on the amount outstanding, it will not take long to wipe out entirely the profit, because in this competitive age the "mark up" is held to the minimum.

Why fool ourselves and waste profits when it is so easy to create a community credit policy by getting together and co-operating on terms? Let the retailer cease selling terms, and confine his activities to selling merchandise on a thirty-day basis and insist upon accounts being paid promptly. If longer terms are desired, make a carrying charge and be open and above board about it.

Uniform practices and methods can be best fostered through the organization of a local branch of the Retail Credit Men's National Association in each community and enrolling every retailer, pledging him to the cause of better credits, prompt collections, and sound, profit-making business principles.

D. Woodlock

The Value of the Credit Bureau to the Retailer

By STEPHEN H. TALKES

Chairman, Credit Service Exchange Division, Retail Credit Men's National Association

THE average purveyor of merchandise in this day and age is perforce extending credit in some way. Whether this is a matter of his own choice may not be determined. But the fact remains that certain of the customers who frequent his store will not do so unless they are permitted to pay later on. Faced with this situation, it behooves every credit grantor to avail himself of the advantages of mutuality, wherein he may be protected from the undesirable credit risk.

Merchandising has reached a higher plane during the past few years than ever before. The wide-awake credit men and women must realize that it is up to them to secure full benefit from this expansion. The profession is comparatively new and the merchant has a right to expect his credit executives to develop new ideas for increasing business and at the same time safeguard the risk.

We speak continually of the credit risk and the undesirable applicant. In so doing are we unnecessarily alarming? Does this so-called hazardous applicant for charge accommodations constitute an appreciable part of the business? Much to our regret we find that the credit extended to undesirable customers has become frozen on the books and to all further use is dead. If the percentage was not so large we would have little to worry about. I dare say every man and woman in this room can recall a flourishing business in some community where, due to carelessness and indifference, the charge customers gradually controlled the business and when they refused to pay, the merchant went under, down and out.

This is a serious situation and should have the earnest attention of every person who is interested in the credit business, be that interest large or small. It has been said that every dollar's worth of merchandise on your shelves at inventory time is a constant liability until that merchandise is sold.



Also let us appreciate the fact that every account on your accounts receivable ledgers is a decided liability until payment in full has been made. And while one may cut prices and virtually give away the merchandise in order to recover, if the accounts receivable have been placed on the ledger without proper supervision, you have already given away enough.

There is a right and wrong way of doing everything, except in extending credit; and there is one right way and forty-two wrong ways of placing an account on the books. The average merchant much prefers to exercise his prerogative and use every one of the forty-two wrong methods before his better judgment allows the use of the correct procedure. Although rather an expensive expedient, this plan is regarded as excellent by all bureau managers because when you have been harrassed by outstanding accounts, when you needed the money, tongue-lashed by delinquent debtors because you rightfully asked for payment on account and finally beaten by the entire loss of the amount involved, the average proprietor is content to devote his energy and talents to developing the suggestions given by the credit bureau manager.

The only safe, sane and sure way of protecting your credit extension is active membership in our organization, whereby you clear through a credit bureau. There is no other method

that secures the results. Of course, there is the direct reference, writing to a fellow merchant for information; naturally, you can call on the bank for information and pass the credit in that manner. Or you can establish the fact through a mutual friend that your applicant owns or is buying his home. But what of it. The direct reference is without value, the bank reference does not increase the responsibility of your customer, and the mere fact that payments are being made on real property means little or nothing, when that property carries all the paper it can away under. If you are going to try either of these methods of developing credit information, save your time and energy. You are gambling with your merchandise and throwing away your profits. Why not be a good sport and open the account without investigation? It is much easier, and when your account is not paid, you can recall with pleasure that the information cost nothing. However, if you are a keen student of business and spend your time in the office or store every working day with an avowed purpose of making money, prospering and expanding, join a credit bureau, clear every inquiry through that office and believe in what they tell you. In your dealings with a credit bureau place implicit confidence in the organization. If you are calling for information and receive bad news, but the customer has a nice open face and you send out the fifty-dollar coat, whose fault is it if you never see the fifty dollars? You have been forewarned, yet you pass the information up. By all means, in all your dealings with the organization, play fair and square. In so doing you will find ample protection for your credit business.

The credit bureau development throughout the United States is no idle fancy or Utopian dream. Consider briefly the salient fact that a few years ago there were a few organizations scattered here and there throughout the country who fought valiantly to

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help the merchant help himself. Now there are nine hundred efficient reporting stations comprising the Credit Service Exchange Division of the Retail Credit Men's National Association, covering every state in the Union. This proves conclusively that the merchants of the country demand adequate protection for their accounts. There must have been a terrific demand for service to increase the activities of reporting bureaus five hundred per cent during a few years.

Eighty-seven per cent of the merchandise sold in our country today is handled on credit. Certainly the various reporting organizations have played an important part in developing the credit business to such a state. Every one wants his profitable share of the millions of dollars' worth of merchandise that is sold in this country every day by the retail interests. But your share of the business without the profit avails nothing.

Where in merchandising practice, can you find the security afforded by membership and activity in a credit bureau? Your merchandise may or may not sell, your advertising may or may not develop business, yet your shelves are loaded, and you daily display to the public in forceful advertising the fact that certain seasonal goods are available. Compare the small expense attached to the efficient operation of your credit department when every risk is cleared through the bureau.

Make it a practice to call the bureau on every application. Get the habit. It is easily acquired and worthy of attention. The information on the files of the organization is culled from every available source and awaits your call. Think for a moment of the depressing condition of business generally, if there were no reporting agencies in this country. The undesirable credit risk would run rampant through the country. The credit system would deteriorate and gradually collapse. It is not impossible to believe that a tremendous financial depression would sweep the country, resulting in panic, and ruin for hundreds of merchants. Instead of this sad picture, we have a vista of prosperity over the country, decidedly enhanced by the large percentage of credit business handled by the retailers.

B. C. Forbes, the noted authority on economics and business conditions,

recently stated, "American industry used to regard production as all-important. A swing toward distribution and salesmanship has lately set in. Manifestly, it is a lop-sided arrangement to concentrate upon producing goods and upon selling them and then attaching scant importance to making as certain as humanly possible that payment will be forthcoming. Raise the status of credit men, clothe them with greater authority and pay them as liberally as production and sales managers are paid. To do otherwise is tantamount to saving at the spigot without closing the bung-hole."

Making as certain as humanly possible, means simply close contact

rent to efficient service the bureau manager contends with. He has visions of a full service to his members, but due to lack of funds must necessarily curtail. Support your bureau not only morally, but financially, and you will reap dividends. There are few cases on record where bureaus have failed to function and generally the basic cause has been incompetent management superinduced, of course, by lack of financial backing.

The same thing applies to the credit department. Frequently because of a slight slowing up of retail business in many sections of the country some merchants have inaugurated a retrenchment policy to cut down over-



Exposes the undesirable

with a credit bureau and confidence in their reports.

In stressing the Arcadia to be reached upon using a credit bureau solely in opening new accounts, we must call your attention to the essential facts in the organization of that institution. The delightful benefits received in clearing your inquiries can only be expected from the bureau when it is adequately equipped, competently managed and fully financed. Under-financing is the greatest deter-

head and the first department to suffer has been the credit department. This is absolutely wrong. That is exactly the time to develop your credit department and it in turn will stimulate and create new business to overcome the slump. Without doubt, your credit department is the best selling department in your establishment. It sells your merchandise, and further, it creates prestige and good-will for the business. It has been said that "a

(Continued on page 8)

Making the Most of Installment Selling

By CURTIS F. MOSS

THERE are numerous arguments, pro and con, concerning the advisability of furniture dealers selling on the installment plan. That is an individual problem which must be solved by a study of trade conditions and possibilities.

When installment selling is decided upon as the best plan of merchandising, the first outstanding problem which presents itself is a means of control whereby sales activities may be closely watched. If this does not meet all

as debtors' viewpoints are concerned. These last few words have a large meaning. The doctor and dentist of yesterday considered it unethical to push collection of accounts. Many issued statements at such irregular intervals that patients did not even know of the amounts owed. So, when money was available for distribution, it was given to those submitting regular statements and showing actual interest in clearing up outstanding indebtedness.

contract made. Where thousands of accounts are carried, this would seem an intricate task, and is to some who do not properly organize their work.

A true picture of good management can be shown in an explanation of the Distel Furniture Company procedure. This organization is one of Portsmouth, Ohio's, most prominent institutions. It has over 2000 installment accounts. All selling operations are controlled by a model system.

When the partial payment plan was first instigated, two forms were used, each filed separately. The first was an account record indexed by customer's name, address and place of employment. Each account was given a number, and the credit terms written down. With the use of a posting machine, there was recorded the initial purchase amount and subsequent payments, after which automatically followed balance due.

The collector's card was indexed by customer's name and address. The collector need keep constant watch of accounts and see that none came into the delinquent stage. Vertical filing allowed no "signal" information, and thus much of this man's time was taken in going through accounts, picking out those which needed attention.

Feeling it advisable that a new plan be initiated, the two forms previously used were placed in one holder of visible filing equipment, under an insert, indexed by account number, name and address. Thus came the grouping of all records under one head and a control which gave remarkable results.

The insert serves as a permanent credit record, giving the necessary information in case any account delinquency occurs. It is never removed from the file unless a transaction is closed.

Now that all information is together, there is a control which previously had seemed impossible. Record location is immediate. The only operation necessary at the time of payment is to remove the account form from the file, place it in the posting machine along with the pass book which is presented, and post. After this action, the card is

(Continued on page 13)

PAID IN ORDER OF
IMPORTANCE
—FROM THE DEBTOR'S
POINT OF VIEW!



requirements, loss, in the form of outstanding accounts, will surely come into existence.

One of the principal reasons why many dealers criticize the installment plan of selling is that some experiences have proven it a great expense which consumed most of the profits that might have been received had straight selling policies been in operation. A study of these failures might, in a large majority of cases, reveal inefficiency because of inadequate control.

It can only be realized that money, outstanding in the form of delinquent accounts, is endangering future business possibilities. For, when debtors become slow pay and there is no immediate effort to rectify their tendency, income for reinvestment is greatly stunted.

Consider human tendencies. It is the common inclination to meet those obligations which appear to be the most outstanding in importance as far

Many times said, but true, "business is business." When purchases are made or services received, everyone expects to pay for them after a certain definite period. Should failure to do this endanger credit standing, stringent plans will be made to meet obligations unless, of course, there is no intention whatsoever of making payment. When there is only a limited amount of money that can be distributed, why should that creditor who has been delinquent in his reminding of obligations be remembered? Thus, another thirty-day lapse, at the end of which is a similar occurrence if nothing of a definite nature has been brought to attention.

In installment selling, it must be realized that if payments are to be made weekly, bi-monthly or monthly, they must be received on or before the days which they fall due. If not, immediate follow-up need be instigated to show the sincerity of enforcing a

Mr. Credit Man—



ARE you interested in keeping in touch with what is going on in the credit field? Do you enjoy reading those things which others of your same line of endeavor are interested in? Would an exchange of viewpoints or discussion of your problems mean anything to you?

We are going to devote one page to open questions and discussions, and we hope to make this a very interesting and educational page. If every member will submit his questions and his answers to previous questions, and will outline his views on any credit or collection subject, we will have some very interesting as well as educational arguments.

←————→
This department
will be called "THE QUESTION BOX"
in the future.
←————→

The following sample questions have been submitted and they are answered by Geo. Kramer, Hale Brothers, San Francisco. Do you agree with him?

1. Should new charge accounts be solicited by mail? Emphatically no. Invariably this method of procedure merely invites to your store all the riff-raff and undesirables that the other stores in the community have turned down.

2. When should an account be charged to profit and loss? If the write off period is as of December 31, of any one year, all accounts of the previous year should be charged off. This does not naturally argue that in charging the account off, it automatically goes to the attorney, as it can be

carried in your own suspense ledger if you feel that the customer's circumstances warrant additional time for payment.

3. Should there be a carrying charge? It is my judgment that a carrying charge of $\frac{1}{4}\%$ a month should be charged; however, if installment terms are granted longer than twelve months, the interest or carrying charge should not in any event exceed 6%. This should be computed on the basis of the balance owing after deducting the initial down payment.

Get Your Questions, Answers, or Statements in Before August 5th

The Value of the Credit Bureau to the Retailer

(Continued from page 5)

five-cent piece held directly in front of the eye will obscure a dollar held a few feet away."

Have you ever appraised the value of a satisfactory account on your books compared with the cost of opening it? You will find it is a source of much profit to the business and that the nominal charge in securing the information used in opening the account has been lost in the profit generally secured on the first purchase.

Authorities differ on the installment selling section of the credit system, and George E. Roberts, of the National City Bank of New York City, in a recent opinion, stated: "Business is being falsely stimulated. One installment purchase leans on another for support until there is a whole wall of them built without any firm foundation. Already, installment selling has been carried to inordinate lengths." Yet, installment selling is no different from open account in that the success or failure of the business rests entirely upon proper supervision. Without up-to-date methods, efficient employees, wide-awake executives, any part of retailing would fail to produce profit.

We find that the old cry of "Volume" as applied to retailers, has been superseded by the overwhelming roar of "Profit" at this time. No business, bank, manufacturer or retail store is in business solely for volume. Profit is essential and it sometimes happens that an increase in volume results in a decrease in profit, owing to the added expense of handling additional sales. Calling the bureau on every applicant is not an expense, but an investment in safety and profit.

In weighing the value of a credit bureau to the retailer, just what benefit does he receive? First and most important, the decided advantage of association with other leading stores of the community, the prestige derived from membership in an organization dedicated to mutuality. Disregarding that important item we have the accessibility of the files of the bureau containing as they do information of all kinds, good, bad and indifferent. Then the prompt service whereby one may call the office and receive file

information at once. Also the unbiased opinion of a neutral agency compared with the over-friendliness of the personal reference or the formality of the banking reference. Then the full antecedent report covering every essential item of the applicant's history, together with his paying habits. The real estate information, legal records, law suits, encumbrances and other items of note that it is virtually impossible for the individual merchant to obtain without great cost. The warning notice on unsatisfactory information received from other sources, the bulletin service and numerous incidental services that you can receive only from such a plant.

The value of participation comes not only from the increased value of the individual account on your books, but the promoted profit experienced at the end of the year. Profit is the basic element of business and anything that increases it without great expense is certainly a manifold blessing.

Every merchant must necessarily believe in the benefits of insurance in some form or other. Protection is the virtue of insuring life, property or chattels. However, you reap the benefits of the average policy after the damage has been done. It is so much better to afford the proper protection to your accounts at the beginning. Thus, the credit bureau protects at the source, and relieves you of further worry. The efficient credit grantor arranges his time in order to devote his energies to development of the business. How can this be done if he is harassed with the continual annoyance of ascertaining the responsibility of the firm's customers. This is one opportunity where it is eminently proper to pass the responsibility to an organization formed for that purpose.

While it is obviously impossible for the credit bureau to guarantee that a certain individual will pay his account within a specified time, or pay at all, the keen credit executive, by analyzing the information, can form an opinion that will confirm his judgment.

The prime object of the credit bureau is the centralization of information and the development of mutual-

ity between firms engaged in the retail credit business. To this end, the bureau manager sets a standard of service that cannot but fill an aching void in handling charge accounts.

If you received no information other than ledger experience, the bureau would be invaluable; but when one considers the manifold services awaiting, it is difficult to understand how some firms can afford to be without the privilege.

When you constructed your building you did not erect half of the house with stone and the balance with brick. The contour of the edifice was exactly the same. Make it so with your dealings in the credit business. Co-operate in every way, clear all inquiries, either local or foreign, give true ledger experience, furnish the bureau with the references just as you like to receive them. In other words, do not co-operate in a half-hearted way. In every city the bureau managers depend on the inspiration and enthusiasm among the members to bring out new ideas. Show your employees that you believe the money expended for credit information is well spent, instill into them the spirit of expansion, success and prosperity.

Report your delinquent accounts to the office regularly and appreciate the fact that some fellow-merchant somewhere will benefit greatly from this consideration. It is the whole-hearted co-operation of all members that makes the services of the organization invaluable. The beautiful State of Kentucky adopted the time-worn expression, "United we stand, divided we fall," as their official slogan. This condition applies to the credit granting profession in many ways. Believe in it, work for it and demonstrate to other merchants that success lies in co-ordinated effort.

The expansion of recognized credit bureaus throughout the Old Dominion State has been remarkable, and at this time virtually every city and town maintains a central clearing house for credit information. It is for you to reap the benefit of the foresight and experience of others who struggled manfully with retail credit until the establishment of bureaus was imperative. The Credit Service Exchange Division is ever at your service. The National officers are eager to render

(Continued on page 31)

The Daily Snoozer

PUBLISHED SEMI-OCCASIONALLY

At the Annual Conventions and Other Occasions Whenever Editorial Symptoms Develop

It's the size of a dime
but worth a million



Criticisms Solicited
(For Waste Basket)

Editors Bonded by Fellowship

FIRST SNORE OF THE SEVENTH YEAR

JULY, 1927

HALF SCENT

Out in the Middle West the exchange bulletins between associations are calling the annual National convention the "School of Credits." In urging attendance the publicity stress is "to learn is to earn more" and that this annual four days session is in reality a schooling covering every phase of credits, collections and new business ideas.

A number of employers seem to feel that a convention is but another word and opportunity for one glorious good time, while in reality our National convention is just the opposite for those who attend the sessions regularly.

No credit manager, collection manager or office manager can attend these sessions without bringing home a large number of ideas that are practical and can be adapted to his or her individual daily duties.

The Snoozer editors urge each and every progressive member to take advantage of this annual schooling opportunity.

"If your nose is close to the grindstone rough,
And you hold it down there long enough,
In time you'll say there's no such thing
As brooks that babble and birds that sing;
These three will all your world compose—
Just you, the stone, and your darned old nose."

Jay Deets, the hustling manager of the Peru and Wabash, Indiana, Bureaus, has a new car of which he is justly proud. Jay takes the best of care of it. Last week he had occasion to drive to La Grange. Arriving there about 5:00 p. m., he immediately drove into a garage for storage, on being asked how long he expected to stay, Jay said until 10:00 o'clock. Imagine his surprise when the garage man said, "Oh, heck, if that's all the longer you expect to stay you better park on the street."

Talk about fishing in the Black Hills district. President Chadwick, of

the Cleveland association, has it all over some of our National politicians. He landed a 2¾-pound black bass at Snow Lake near Cleveland. "Chad" is the champion fish baiter and bear shooter of the Cleveland outfit.

Ex-Director and ex-resident of Atlanta, Ga., Giles C. Driver, can best Secretary Bill Gray at anything but golf. He took a licking recently without stirring a hair. And that's some event for him.

Cleveland arrested a woman check passer the other day and secured her conviction in Criminal Court. The judge handed out a \$200 fine. The girl's brother told the Court he had \$100 in cash and wanted to give a check for the balance. "Nothing doing," said the judge. "I took one of those when I first started practicing law and it is a good souvenir."

Watch the Cleveland association grow during the next twelve months. Membership Director Ed Morgan is on his honeymoon and when he gets back he'll have two bosses to make him shake a foot.

Steve Talkes, chairman of the Service Division, rolled into Cleveland the other day. He headed a delegation of 150 Grotto members from the "Nation's Capital." Steve was lit up, in dress only, like the Sultan of Zulo.

Not long ago a lady stepped into the Portland Credit Men's Association office, somewhat put out to learn in the stores that her credit was not considered of much value to them any longer. She was at a loss to understand why this should be and stated that she had allowed a friend of hers

to purchase a pair of shoes on her account and that the friend had neglected to pay and therefore her credit was marked "undesirable." The Portland office promised to investigate this, which they did, and from our merchant we find that the shoes were fitted to the inquirer's feet and not to her friend's. Explanation after explanation was made for a week or more to this lady, who called by telephone on several occasions and seemed to be so mixed up in regard to the shoes that perhaps she could not have told then on whose feet the shoes were fitted. However, the shoes were not paid for, the dealer knew her as a past customer, that she bought the shoes and wore them, and they were satisfied in their own mind. In the meantime, however, our advertising manager was preparing the monthly credit ad for the daily paper. He knew nothing about the investigations that were being made in regard to the shoes. The day before the ad appeared in the paper, the lady called once more by telephone, still somewhat displeased because she could not get credit, and on the following day the title of the ad appeared "It is better to wear patched shoes, than to wear those which are not paid for." Needless to say, after the appearance of this ad, the lady called no more.

Why should I buy a home? I was born in a hospital; amused in a kindergarten; educated at a boarding school; courted in an automobile; married in a church; now live in an apartment; get my meals at a cafeteria; go to the movies for entertainment; when ill I am taken to a hospital; and when I die I will be buried from an undertaker's. Really what use have I for a home? What I want is a garage with a bedroom and a bath.

KNOWLEDGES

Our programme is full of "meaty" topics that will add to
your fund of knowledge

You cannot afford to pass up this convention

Join Special Train from St.
Louis and make reservations
at once.

COME! US

Put Your Trust

HERE WE ARE—

9 a. m. Daylight Saving

See Page 14

August 31 Days

9

TUESDAY

220-144

1927

9 a. m. Daylight Saving

See Page 15

August 31 Days

10

WEDNESDAY

221-143

1927

All Trains and Auto Roads Lead to

PROVIDENCE

"The Southern Gateway of New England"

GES POWER!!

Rotarians! Kiwanians!! Lions and Exchange Clubs!!!

These Providence Sections, as you know, are yours
while at "The Southern Gateway of New England"

E!UST~

sn Providence

Join Special Train from St.
Louis and make reservations
at once.

9 a. m. Daylight Saving

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August 31 Days

11

THURSDAY

222-142

1927

9:15 a. m. Daylight Saving

See Page 15

August 31 Days

12

FRIDAY

223-141

1927

GOLFERS!!

A hole in one" should be easily made in the smallest
state of the Union. Bring your golf clubs to the
convention and enter

Golf Tournament for Credit Managers

FRIDAY, AUG. 12th

Write to F. A. Vose, Chairman Golf Tournament
Committee, 171 Westminster Street, Providence.
The course will be open for delegates daily.

WANNAMOISSETT COUNTRY CLUB

RHODE ISLAND COUNTRY CLUB

EDGEWATER COUNTRY CLUB AGAWAN GOLF CLUB

WETAOOMET GOLF CLUB MASSASOIT GOLF CLUB

See New England after the Convention

Special Tours can be arranged to see New England,
"The Nation's Playgrounds."

Pamphlets, Time Tables and Information will be
ready for you, telling all about

The White Mountains The Berkshires

The Green Mountains Cape Cod

The Mohawk Trail

Maine's Rock Bound Coast

Plymouth (where the Pilgrims landed in 1620)

HEADQUARTERS:

PROVIDENCE BILTMORE HOTEL

Our National Association

By SIDNEY E. BLANDFORD

At the Banquet which opened the Sixth New England Conference, Hotel Statler, Boston, Mass., May 10, 11, 1927.

AT THE first meeting of the Boston Committee to arrange for this Conference, it was voted unanimously to invite and urge Executive Secretary Woodlock of the National Association to honor the Conference with his presence and to speak for the National Association on this occasion.

Because of previous engagements, Mr. Woodlock was unable to accept the invitation to be with us this evening. Many of you know Secretary Woodlock and remember his genial personality, his ability and forcefulness as a speaker, and I know you share with me a sense of deep regret that he is unable to be present. Acting in his behalf, therefore, I bring to you the greetings of the National Association and best wishes for a successful conference.

In the early history of this country after the colonies had first won their independence, many of the colonies were reluctant to join in the movement for the federation of the several colonies into one Central or Federal Government. There was on the part of the colonies a feeling of self-dependence and self-inclusiveness. But the great leaders of that day, the founders of the Republic, had a national perspective, a national vision, hence the United States of America.

And it was soon found that as the nation was strengthened and developed as a national unit, so each separate unit known as the several states, were strengthened and prospered proportionately. Perhaps no better simile could be offered in connection with and applied to any National organization. Wherever there is a local organization giving expression and functioning to a local unit it should and does serve a larger purpose and finds a wider expression in a National Association and, as resulted to the separate states, so each local unit is strengthened and developed in proportion to the development of the national organization.

In almost every community we find a Board of Trade now generally known as Chambers of Commerce. The local Chambers of Commerce found a

national expression, a national unity, in the establishment of the Chamber of Commerce of the United States. And so one might refer to the Kiwanis and Rotary Clubs, religious, educational, scientific, legal and professional organizations, welfare, bankers, and all sorts of trade organizations and a host of others who find that the thought and purpose behind each organization can find national expression only through national association.

To properly assess the value of any national organization, therefore, one must have a national perspective, a national vision, and specifically applying this principle to the Retail Credit Men's National Association, those who have been and are now responsible for its destiny have recognized that retail credit in the aggregate forms a very important part in the business structure of the nation.

Sometime ago I wrote to the Chamber of Commerce of the United States at Washington, D. C., inquiring if statistics were available as to the number of corporations, firms or individuals engaged in all sorts of retail business in the United States. Also as to the total volume of retail business and the relative proportion of cash sales, open accounts and installment sales. The answer received was as follows:

"There is today no means for learning the number of corporations, firms, or individuals engaged in all sorts of retail business in the United States. Estimates have been made from the decennial Occupations census, but we believe quite improperly. Within the past month a distribution census of Baltimore has been completed, the results of which are being tabulated; and in several other cities a distribution census is being conducted which, when completed, may give an approximation of the number of retail establishments in cities. But until a national distribution census has been made it will be impossible to make even a rough guess at the number of retail establishments.

"Undoubtedly automobiles, coal, lumber, hardware, plumbing supplies,

would more or less be included in retail sales; but the proportions of lumber, hardware and plumbing supplies which reach the consumer only through the sale of completed buildings are not derivable. Great quantities of coal also are not sold at retail but are consumed in railroad locomotives, apartment and office buildings and in the production of power in great central plants. We cannot estimate the relative proportions sold at retail and consumed by other methods.

"Efforts have been made to determine the sales by credit usually known as 'open accounts' from those which are distinctly of an installment nature. These attempts have proved unsatisfactory because of the rapid growth of installment sales during the past 6 or 7 years, and we should not like to hazard a guess as to the relative proportions of cash sales, open accounts and installment sales in the vast total annual volume of business estimated now at \$42,000,000,000.

"A noted economist has estimated that the purchases of merchandise on the installment plan for 1925 were about \$6,179,000,000, and of real estate, about \$1,575,000,000, making a total of about \$7,754,000,000. This represents 10% of our national income. The total debts owing on these installment purchases averaged about \$2,638,000,000, less than 4% of the national income. The investigation further showed that the total sales of automobiles on the installment plan for 1925 were about \$3,446,000,000, of which amount approximately \$1,938,000,000 was regularly outstanding at deferred payments."

These are big figures.

The retail merchants of the country, great and small, supply the needs of one hundred and sixteen millions of people and it is reasonably safe to say that 50% of the adult population of the United States buy on credit in one form or another.

A great responsibility devolves on the retail credit men of the nation.

(Continued on page 18)

Making the Most of Installment Selling

(Continued from page 6)

thrown into a basket beside the machine, where it remains until the end of the day, when filing is effected. At that time further advantages of the visibly controlled system came into effect.

As an example, the initial payment on W. K. Jones' account was on March 4, 1927. Subsequent payment of \$5 each two weeks must be received according to the agreement which has been decided upon. Thus, the next payment should be received on or before March 18th. A "signal" is placed over the figure "18," and another over the figure "3" (March). When the 18th comes, merely by running the finger down the "18" column of each card drawer, the accounts that should be met on that day are observed. If no activity has taken place in Mr. Jones' account, this fact will be known at a glance.

These "signal" warnings to the collector lighten his work. His card is filed in front of the account card, but behind the stub of the insert. On its

side is an imprint in red ink which shows through the small hole punched between the figures 25 and 26 on the visible margin of the insert.

On the 19th, if a signal still remains in the 18th position, the collector's card is removed and a buff color—that of the account card—shows through the small hole. Scrutinization of the file at any time will disclose past due accounts and the activity which is being taken to bring them into good standing. Intelligent follow-up, even beyond that of the collectors, can be properly guided, if necessary. The whole procedure is automatic. It ekes of accuracy and prohibits against any oversight which might discount the sincerity of the Distel Furniture Company in seeing that partial payments are made. Of course, collection actions are lenient as cases warrant.

Such a system as the one outlined will lighten the burden of installment selling. If properly planned, the most complete of returns may be expected. Of course, no system will work in itself.

There must be the use of intelligent analysis as far as clerks and executives are concerned. Some do not take this fact into consideration and attempt to discredit that which, if properly used, would mean dollars and cents to them.

EXPERIENCED DEPARTMENT STORE SYSTEMATIZER, not over 40 years of age, of good education, endowed with energy, tact, and initiative, and capable of directing the work of others, will be considered for desirable opening in large retail store in Middle West. Applicant must be thoroughly versed in department store accounting, systems, etc. In replying give complete business experience, age, and salary expectations. Confidential. Address, Box 3, Editor CREDIT WORLD, Equitable Bldg., St. Louis, Mo.

Join Special Train from St. Louis and make reservations at once.

Attend the National Convention at Providence in August Railroad Fare for the complete 2-weeks Circle Trip From St. Louis \$89.51

Lower Berth, \$36.01 Upper Berth, \$28.80 Compartment \$101.25
Drawing Room, \$127.00

Consult Ticket Agent relative to rate from your home town and have your tickets for the above trip routed from St. Louis as follows: B. & O. to New York—N. Y., N. H. & H. to Boston—B. & M. to Wells River—Canadian Pacific to Newport—Quebec Central to Quebec—Canadian Pacific to Hamilton—T. H. & B. to Welland—M. C. to Buffalo—Wabash to St. Louis.

Railroad Fare St. Louis to Providence and return by the Certificate Plan is 1½ fare—\$65.31—which compels going and returning the same Route.

Lower Berth each way, \$10.88 Compartment each way, \$30.75
Upper Berth each way, 8.70 Drawing Room each way, 39.00

PULLMAN PRICES ARE TO AND FROM NEW YORK

PROGRAMME

Fifteenth Annual Convention

OF

The Retail Credit Men's National Ass'n

PROVIDENCE BILTMORE HOTEL

PROVIDENCE, R. I.

Aug. 9, 10, 11, 12, 1927

MONDAY, AUGUST 8, 1927

Registration of Delegates All Day

Fifteenth Floor, Biltmore Hotel

10:00 A. M. MEETING BOARD OF DIRECTORS. Directors of Retail Credit Men's National Association will assemble at Biltmore Hotel and take automobiles for the Pomham Club on Narragansett Bay for meeting. They will be guests of the Providence Retail Credit Managers at luncheon. President Edward Rogers of Providence will introduce the Convention Committee.

7:30 P. M. AUTOMOBILE RIDE for delegates, ending in Get Acquainted Dance and Bridge Party, Biltmore Hotel.

Guests Providence Retail Credit Managers Association.

TUESDAY, AUGUST 9, 1927

Morning Session

9:00. MUSIC—Singing, Overseas Quartette.

9:30. CONVENTION CALLED TO ORDER by E. B. Heller, President.
Invocation by Right Reverend William A. Hickey, Bishop of Providence.

9:35. ADDRESS OF WELCOME—Honorable James E. Dunne, Mayor, City of Providence.

9:55. RESPONSE—Colonel Franklin Blackstone, Frank & Seder, Pittsburgh, Past President Retail Credit Men's National Association.

10:15. "R. I. RED."

10:20. REPORT OF OFFICERS—President E. B. Heller, President Retail Credit Men's National Assn., Secretary-Treasurer D. J. Woodlock. (Mr. Woodlock's report will be read by A. B. Sanders, Assistant Secretary.)

ANNOUNCEMENT OF COMMITTEES—Nomination, Credentials, Resolutions, and By-Laws.

10:45. ADDRESS—Frederick W. Aldred, Chairman Retail Merchants Bureau; Vice-President Glad-
ding D. G. Company, Providence, R. I.

11:15. ADDRESS—Honorable Thos. Z. Lee, Providence, R. I.

11:45. *Our Responsibility*—David J. Woodlock, Managing Director, Retail Credit Men's National Association, St. Louis, Mo.

12:10. INTRODUCTION OF EXHIBIT MANAGERS by Edward Rogers, Providence, R. I.

12:25. ANNOUNCEMENTS.

12:30. RECESS.

1:00 P. M. LADIES' AUTO TOUR through Gorham Mfg. Company, then through Roger Williams Park and a visit to the Famous Pendleton Collection of Colonial Furnishings.

TUESDAY, AUGUST 9, 1927

Afternoon Session

1:45. RECONVENE—Music and Singing.

2:00. ADDRESS—"The Growth and Development of Our Service Division," J. R. Truesdale, Secretary-Treasurer, Credit Service Exchange Division, R. C. M. N. A.

2:15. ADDRESS—"The Evils of Inflation and Deflation and How to Mitigate the Business Cycles," by Norman Lombard, Executive Director, Stable Money Association.

2:45. REPORT OF BY-LAWS COMMITTEE—Franklin Blackstone, Chairman, Frank & Seder Company, Pittsburgh.

3:00. ADDRESS—"Improved Office Operation." C. L. Lang, Manager, Retail Sales Department, Rand Kardex Company, N. Tonawanda, N. Y.

3:30. QUIZ—D. J. Woodlock, Managing Director R. C. M. N. A.

Continued on next page

- 3:40. CONSIDERATION OF RESOLUTION—"Resolved, That a lenient policy of credits and collections, which may increase bad debt losses and reduce collection turnover, results in profitable business for the retailer."

The following members will deliver five-minute talks on this subject, followed by a general discussion by all members:

Affirmative: E. B. Schick, Crowley-Milner Co., Detroit; J. R. Hewitt, The Hub, Baltimore; L. M. Karpeles, Burger-Phillips Co., Birmingham.

Negative: O. K. Moody, Old National Bank, Spokane, Wash.; M. J. Solon, The Dayton Co., Minneapolis; A. P. Lovett, Hettinger Bros. Mfg. Co., Kansas City, Mo.

- 4:40. REPORT OF FINANCE COMMITTEE—Sidney E. Blandford, Chairman, Superior Finance Co., Boston, Mass.
- 5:00. ANNOUNCEMENTS.
- 5:15. ADJOURN.
- 5:30. OFFICIAL PHOTOGRAPH.
- 7:30 P. M. TROLLEYS leave in front of Biltmore for Steamer *New Shoreham* for moonlight sail down Narragansett Bay. Kalua Quartet and dancing.
- 11:30. TROLLEYS back to Biltmore.

WEDNESDAY, AUGUST 10, 1927

GROUP CONFERENCES

All Day

Under Supervision of

J. H. EDGERTON

CREDIT MANAGER, JAMES MCCREERY & COMPANY,
NEW YORK, N. Y.

Group Chairman

- 9:00 A. M. LADIES take busses to Newport. Return at 6 P. M.

THURSDAY, AUGUST 11, 1927

Morning Session

- 9:00. RECONVENE—Music and singing.
- 9:15. INVOCATION—Rabbi Samuel M. Gup.
- 9:20. REPORT OF PAY PROMPTLY COMMITTEE—Leopold L. Meyer, Chairman, Foley Brothers Dry Goods Company, Houston, Texas; First Vice-President Retail Credit Men's National Association.
- 9:30. ADDRESS—"Helping the Retail Trade Through Credit Organization." Guy M. Hulse, Field Secretary, Service Division, R. C. M. N. A.
- 10:00. ADDRESS—"Fiddles, Groceries and Credits." Wm. E. Koch, Director, Bureau of Business Training, National Association of Retail Grocers.
- 10:30. ADDRESS—"Retail Credit in Great Britain from a Credit Merchant's Viewpoint." W. A. Phillips, St. George's House, Brighton, England.
- 10:50. ADDRESS—"Retail Credit Organization in Great Britain." G. Harley Denney, General Secretary, The National Federation of Credit Traders, Ltd., London, England.

- 11:15. REPORT OF COMMITTEE ON Co-operation with Wholesale Association. J. R. Hewitt, Chairman, The Hub, Baltimore, Maryland; Vice-President Retail Credit Men's National Association.

- 11:30. A MESSAGE from the National Association of Credit Men. E. I. Kilcup, Davol Rubber Company, Providence, Director National Association of Credit Men.

- 12:00. REPORT OF CODE OF ETHICS COMMITTEE. Frank Batty, Chairman, H. Liebes & Company, San Francisco, California.

- 12:25. ANNOUNCEMENTS.

- 12:30. ADJOURNMENT.

THURSDAY, AUGUST 11, 1927

Afternoon Session

- 1:30. RECONVENE.

- 1:45. ADDRESS—"Forty Years of Credit Granting." Irving C. Brown, L. Bamberger & Company, Newark, N. J.

- 2:00. REPORT OF NOMINATING COMMITTEE.

- 2:15. REPORT OF RESOLUTION COMMITTEE POSTED.

- 2:30. ADDRESS—"Credit Management as the Controller Sees It." J. H. Guernsey, Chairman, General Manager Controllers' Congress, National Retail Dry Goods Association.

- 3:00. DISCUSSION OF RESOLUTION—"Resolved, That the selling of merchandise on the installment plan is economically sound, a promoter of good business for the retailer, and a service to the buying public."

Affirmative: W. T. Snider, Scruggs, Vandervoort & Barney, St. Louis; H. J. Burris, Spalding Cloak Co., Kansas City; L. R. Pierce, Frankel Clo. Co., Des Moines, Iowa.

Negative: Wm. Schick, Luckey-Platt Co., Poughkeepsie, N. Y.; H. A. Gibans, The Boston Store, Milwaukee.

- 4:00. ADDRESS—"Promoting New Business." Mark Lansberg, Lansberg Brothers, Washington, D. C.

- 5:00. ADJOURN.

- 7:00 P. M. ANNUAL BANQUET—Guests of Providence Retail Credit Managers' Association. H. Nelson Street, Toastmaster.

FRIDAY, AUGUST 12, 1927

Morning Session

This Session will be held at Rocky Point on Narragansett Bay

- 9:15. MUSIC AND SINGING.

- 9:30. ADDRESS—"Co-operative Plans for Credit Education." J. A. Goodell, Director, National Thrift Committee, New York, N. Y.

- 9:45. ACTION ON REPORT OF BY-LAWS COMMITTEE.

- 10:30. ACTION ON REPORT OF RESOLUTIONS COMMITTEE.

- 11:00. ELECTION OF OFFICERS.

- 11:30. GOOD OF THE ORDER.

- 12:00. ADJOURN.

WALKER'S NEW STORE IN



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A YEAR ago Walker's, of Los Angeles, decided upon the National Cash Register equipment for their new store. After a year's use of this equipment an official store letter writes the letter reproduced here, signifying the satisfactory service which the system has given.

THE NATIONAL CASH REGISTER

R INSTALLS NATIONAL CHARGE PHONES



R. M. WALKER
PRESIDENT
T. C. PALMER
VICE PRES. & TREAS.
A. MAC CONQUODALE
SECRETARY

NEW YORK OFFICE
1000 BROADWAY
FELIX L. LENTHAL & CO. INC.
PRESIDENT BUILDING

TRINITY 6511

Walker's

Los Angeles, Cal.
June 10, 1927.

National Cash Register Company,
Dayton, Ohio.

Gentlemen:

Knowing how interested you are in the service your customers get from the equipment sold them, we feel you will be interested in learning what our first year's experience with your Electric Charge Telephone System has been.

As you know, we considered several charge authorization systems before installing your Telephone System last May.

Every phase of the service to be rendered and the expense connected with it was given consideration and your system was installed.

It was installed because we believe it would give almost instantaneous service, perfect control because the authorizing would be done in our credit department and because of the economy of its initial installation, operation and eventual extension.

A year's experience with the system has justified our beliefs and the service has proven so satisfactory that we are glad to recommend it.

Yours truly,

WALKER'S, INC.

By

A. Mac Conquodale
Secretary

AM:D

Photo to the left shows beautiful new Los Angeles authorizer's switch the credit office which all charge authorized.

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CASH REGISTER COMPANY DAYTON, OHIO

Our National Association

(Continued from page 12)

Individually we are inclined to be provincial or sectional, with perhaps a feeling of self-satisfaction in that we are meeting our local problems and satisfying local needs and perhaps overlook the fact that we are contributing to a national enterprise, to a large unit of the business and commerce of a great nation.

Collectively we administer the credit business of tens of thousands of dealers in retailing merchandise that sustains the whole American people and again collectively we have a very definite responsibility to several millions of our people who enjoy credit privileges.

An enterprise of such magnitude and of such economic importance calls for a wide vision, for deep interest and serious thought of national scope.

Together with our wholesale brothers, the retail credit men throughout the country are custodians of the credit of a nation which occupies a very important position among the nations of the world.

If we are worthy of our profession we dare not shirk out responsibility in seeing to it that credit, which forms such an important part of the nation's business, is wisely administered with due concern for its flexibility, surrounding it with all the safeguards that human intelligence can devise, ever conscious that ours is a great trust with immeasurable possibilities for service.

And how are we measuring up to our responsibilities? The National Association has been cautiously, yet steadfastly, feeling and forging its way, gradually building its membership to afford sustenance and to lend prestige and force, until now the membership approximates 14,000 members in the United States, including a few in Canada.

It has been testing and strengthening its personnel. Through its organ, *THE CREDIT WORLD*, it has been seeking to educate its members to their responsibilities and obligations as pillars in a national structure. It has sought to alleviate sectionalism and to arouse a national consciousness. It has built up a service unit of more than 800 member bureaus whereby reliable credit information may be accumulated

and made available as occasion may demand. It has opened up the ledgers and files of tens of thousands of retail dealers for the dissemination of reliable credit information and credit experiences.

It has established mutual confidence in the character of those who administer credit and in the character of the information given or exchanged. It has embarked on a campaign of education extending through the business structure and which ultimately will reach into the schools and institutions of higher education.

It is of vital importance that the principles of credit which is founded on character shall be inculcated into the minds and very beings of those who are citizens of today and tomorrow. Briefly this is our prospectus, our program. Idealistic you say? Yes, we must create and foster high ideals, yet within the realm of the practical.

If by working in sympathy and in close co-operation with our brothers of the National Association of Credit Men, we may expect to realize in some measure the fruition of our program, our ideas and our ideals, we shall make a worth while contribution to the development of the higher ethical standards of business and America will be reasonably safe for credit.

MILWAUKEE CREDIT MEN WATCH LEGISLATION

Two bills were introduced in the Wisconsin State Legislature recently which seriously affect the collection of accounts. One bill required that judgments of less than \$200.00 would not be a lien against real estate for more than two years. The other required that claims under \$200.00 must first be placed in judgment before garnishee proceedings can be instituted.

Through the vigilance of the Associated Retail Credit Men of Milwaukee, the attention of retailers throughout the State was called to these measures, and the campaign in opposition was handled so successfully that neither of the measures was passed. The accompanying photograph shows one of the delegations on the steps of the Capitol at Madison.



Front center: H. A. Gibans, Boston Store (spokesman of the delegation). First row from the left: G. Bellack, Gross Hardware Company; Wm. Stutson, Fields, Inc.; Sol. Weil, Commercial Adjustment Co.; Oscar Baldewein, Ed. Schuster & Co.; Arthur Huff, The Electric Company; Ray Lobas, Lobas Coal Company. Second row: Eugene Paulus, Ed. Schuster & Co.; Oscar Spletter, C. Niss & Sons; Clarence Smith, Block-Daneman Co.; President Charles Lawler, Famous. Others in the photograph were: Erwin Kant, Ed. Schuster & Co., and Gus Miller.

In order to further familiarize members of the Milwaukee Local with their revised rating code, a quiz was held on the subject in the June meeting, which took place on June 30. Lively interest was evidenced at this gathering and, no doubt, members will be able to rate their accounts

much more accurately with the use of the new code.

Gus. Miller, August Wehl, and Steve Bialecke spent their vacation in the Lake Vermillion country, Minnesota. We did not hear much from them while they were away, so we do not think they bothered the fish much.

Why a Charge Account?

By ROBERT A. ROSS

Credit Manager, Neiman-Marcus Co., Dallas. From an address delivered before Texas Retail Dry Goods Association.

THIS, ladies and gentlemen, is a big subject. To ask, "Why a Charge Account?" is just another way to ask, "Why credit in American business?" This question is answered so fully and so finally by the modern conduct of commercial affairs as a whole in this country, that I am going to confine my remarks to the relations between your store and your charge account clientele.

For the convenience of discussion, let us view the charge account from two points:

First: The viewpoint of the customer.

Second: The viewpoint of the merchant.

No one will ask why the viewpoint of the customer first, because it has

basis. Then she said, "Why, my charge account is a life saver. My husband is not surprised to see the statement for my spring purchases amount to seven or eight hundred dollars, and he pays it cheerfully after he has heard many compliments from our friends upon my selections, and has no doubt felt considerable personal pride in the fact that I am correctly and beautifully attired. But I hate to think of what would happen in our family if I should say, 'John, I want eight hundred dollars to buy my spring wardrobe'."

The following summary sets forth the customer's viewpoint of this subject as gathered from these interviews.

First: It is more convenient to say "charge it" than to make change or to write a check. In this age it is hardly

know that few customers send cash with their orders. If you ship the merchandise C. O. D., it is usually returned unopened, because the customer as a general rule will decline to pay the charges before she has had an opportunity to determine rather definitely that the selection will meet her needs. Your facilities for handling this class of business are such that the charge account, as a means of making approval shipments, has proven the most satisfactory for yourself, as well as the customer. Locally, your store is as close to your charge customer as the telephone in her home. Every day she calls particularly your smaller ware sections for her creams, powders, perfumes, handkerchiefs, hose, etc., and it is certainly not unusual for her to order the hat or shoes which she saw when passing your window last night, or the coat or dress that she just could not decide on during her personal visit day before yesterday. The charge customer avails herself of this service because it is convenient, and if no one is at home when the delivery is made, the parcel can be left next door. The cash customer does not to any great extent, because she may not have a blank check or the money in the house in the first place, and in the second place does not want to be compelled to make arrangements for the receipt of the C. O. D. package, or to wait at home for it from thirty minutes to five hours, awaiting your delivery.

Third: It assists in the budgeting of the household expense, because a complete itemized statement of all charge purchases is rendered at the end of each month. It is next to impossible for the customer to keep such a record of cash purchases.

Fourth: A charge account lessens the initial cost of good dressing and in many cases makes a better personal appearance possible because it extends the period of payment. This feature of itself is of no little importance to the average customer—the great middle class upon which we all depend more or less for volume of sales. Your plan of operation, namely, the thirty-sixty

(Continued on page 24)



The ladies say "it's easier with a charge account"

long since become an axiom in the dry goods business that the customer must come in for consideration ahead of everything else, and justly so.

Probably eighty per cent or more of all the purchases made of your store are made by women. In order, therefore, to have the customer's view stated as consistently and accurately as possible, I have tried to ascertain from several such customers why they preferred to shop, using a charge account, rather than to pay cash.

The first woman to whom I pounded this question looked rather askance, her very countenance seeming in its bewilderment to anticipate immediately the announcement that we probably expected to go on a cash

wise for milady to carry a purse bulging with currency to provide her every need—to say nothing of the delay in making change. If she pays by check, she will be called upon to go through the process of identification a number of times in the larger establishments, because check transactions are most often O. K'd or authorized by department or floor managers. Whereas, if she is a charge customer, she goes through the process of becoming identified or established only once, then this convenient instantaneous charge service is at her command in every department.

Second: A charge account facilitates shopping by mail or 'phone. Those of you who do any mail order business

What Per Cent of Your New Accounts Use the Account?

By A. T. WALKER

Credit Manager, Oppenheim, Collins & Co., Brooklyn, N. Y.

NO doubt every effort is being put forth by a majority of retail credit managers to increase the number of desirable charge accounts, and those who keep a record of the new accounts opened as well as the amount purchased by them over a period of thirty to sixty days subsequent to the opening of the account, are in some cases very much concerned over the percentage of those who did

other stores are given as a reference because in these days of universal credit granting, almost every person who is worthy of credit has a charge account somewhere. The credit fraternity of the better class stores, generally speaking, belong to a local association which has, or is affiliated with, a reference bureau for clearance purposes, and the credit manager usually has available every possible

termine whether an invitation can be extended then and there to make use of the account. Certainly there is nothing to prevent the person from being informed that purchases may be made and will be sent as soon as references have been cleared.

You will find in many cases, by asking the proper questions, that a great number will state they have sometime during the past received a letter of solicitation from the store, which is an indication that they are listed in the rating books, assuming, of course, that only those accounts which are favorably rated have been solicited, and this fact will undoubtedly assist you in making a conclusion regarding the desirability of effecting a sale.

Is it not possible to ask the customer what purchases he or she contemplates making and then have the customer escorted to that department and turned over to someone competent to handle the transaction? Or, phone to the department desired and have someone escort the customer. It may be that the customer is a stranger in the store and any courtesies extended would no doubt result in a favorable reaction.

The purchase may develop into a "take with," but if immediate action is taken as soon as the customer leaves the office, to check against all reference books and the "derogatory file" which can and should be kept up to date, there is no reason why in most cases small purchases could not be O. K'd.

Reference has been made to a "derogatory file"—this is derogatory information that is received from the association or reference bureau, weekly or otherwise, as the occasion may require, and is generally in sheet form in alphabetical order.

It does not entail very much work to keep the A, B, C's, etc., together in either loose leaf or binder form, separating the new sheets as they come in, in alphabetical order. In this way you have a ready reference, pending a report from your association or clearance bureau.



not make purchases. Investigation discloses that in some stores the figure is as high as 40%.

There are several ways in which this can be controlled and in order that we may treat the subject properly, it is advisable to divide the new accounts opened into two classifications.

First: Those who call personally to open an account.

Second: Those who were solicited and responded to an invitation or wrote, asking for the convenience of an account without solicitation.

First: It is reasonable to assume that if a person calls personally to open an account they are doing so because of a desire to have a charge account with that particular store. In a majority of cases when the references are taken,

safeguard in order to avoid opening undesirable accounts.

You will find, upon investigation, that the percentage of accounts that are declined is generally less than 1%; such being the case, why not use every effort to induce the new account to make purchases while he or she is in the store? Whoever is taking the application is talking personally to the prospective customer and there are many selling points that can be used to effect a sale. Almost every store at some time or other refers to "service," and while this is a very abused word, it would seem as though this was a very propitious time to make it efficacious. It is certainly possible to obtain enough credit information when the account is being opened to de-

Letters that Win Out

Substituting Originality for Thoughtless Routine in Business

By ERNEST CORDEAL

(From Office Economist)

EVERY business letter is a sales letter. Whether the particular communication is directly designed to sell some special product, whether it is an answer to an inquiry or a request for information, or whether it fills any of the innumerable purposes for which letters are written, it may serve to make or to lose a customer, to bind a friend closer or to drive an enemy farther away.

Far too many letters are written upon the models prescribed in the old business college textbooks of cor-

his enervation you have damaged your standing with him.

Not only is the effect of the stereotyped letter bad for the one addressed, but it is even worse for the writer. There is nothing so wearying, so destructive to ambition, as monotony. To write or to dictate over and over, day after day, the same words and phrases is to atrophy the brain until it will give forth only ideas cast in the mold of habit. Many a man sits at the same desk year after year while younger and

interest of the one addressed will be attracted and held is to deprive the task of all semblance of hard labor. To write letters in the same manner that bricks are laid by following a set formula and using no initiative is to make a tiresome task of correspondence.

The mere mechanical make-up of a letter is of the utmost importance in determining the effect which it will have upon the reader. Every one who reads letters as a part of his daily duty knows the difficulty of following long lines of single-spaced typewriting, and when paragraphing has been neglected the task is even harder. The letter which presents an attractive appearance, with ample margins, even lines, correct spacing and short paragraphs, accomplishes a part of its purpose before the addressee starts to read the text. A favorable impression is like an appetizer before the feast.

Most letters are very much longer than is necessary to convey all of the essential information. Every sentence of repetition or of unnecessary explanation detracts from the force of the letter and wastes the time of both writer and reader. Montaigne puts it that "even in good things too much may be said."

A business letter need not be dry and formal in order to be dignified and impressive. Advertising men have found that in order to attract and hold public attention their copy must be as interesting as the reading matter which it adjoins, and they are constantly searching out ancient myths, striking bits of history and classical allusions to enliven their appeals. A letter serves its full purpose only when the one to whom it is addressed reads it thoroughly, and with interest and attention, and such a result can only be insured by careful composition and attractive mechanical make-up.

Every letter writer, no doubt, has observed that it is very difficult to get a complete reply to a letter which asks a number of questions or states a number of propositions. Very few

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Do your letters put them to sleep?

respondence and are a large factor in making the tired business man tired. After a man has read some ten or twenty letters beginning, "Yours of the 1st inst. received and contents carefully noted, in reply would state," he has a perfect right to be tired for the remainder of the day. When a man is weary it is difficult to do business with him, and when you have contributed to

perhaps no more able men move above him for no other reason than that he has allowed himself to fall into the rut of routine and has sacrificed initiative to meaningless system.

Letter writing may be drudgery or pleasure as the writer chooses to make it. To attack a pile of correspondence with the idea of answering each letter in such a way that the attention and

You may also receive derogatory information from some daily reporting company regarding suits, judgments, etc. I find it is a better method to keep this information on a 3x5 card, made up for this purpose and filed in alphabetical order—this file to be situated so that ready reference can be made to it.

This same method (3x5 card index) can also be used in the case of those who call personally to open an account, and can be made the basis for some very interesting statistics.

In summarizing, I think it is very apparent that every possible effort should be exerted to reduce the number of new accounts who do not make

well as a complete plan for a comprehensive follow-up.

If the routine of opening an account is handled by someone other than the credit manager, they should be sufficiently trained to handle such functions in an intelligent manner.

The method of clearing and checking an account involves a considerable amount of expense and labor, but is time and money poorly spent if the account is not made use of.

BULLETIN & CREDIT GUIDE REPORTS (3 x 5 Card)

NAME.....
 ADDRESS.....
 DATE OF BULLETIN..... NATURE OF REPORT.....
 SOURCE OF REPORT.....
 HAVE WE THE ACCOUNT?..... DATE OPENED.....
 AMOUNT OWING NOW \$..... HOW LONG?.....
 REMARKS:.....
 ACTION TAKEN BY US.....
 CHECKED BY.....

Your Collections

... in ...

DETROIT

Will receive the best attention
possible if sent to

**The
Merchants Credit
Bureau, Inc.**

The largest collection department
in the city devoted exclusively to
RETAIL ACCOUNTS.

The benefits accruing in placing
your accounts with an organization
owned by the merchants, for their
protection, are self-evident.

*Rates Reasonable
Safety Assured*

Address—602 Barlum Bldg.

Second: Those who have been solicited—responded to an invitation, etc. In cases of this nature when the account has been opened and an invitation is sent, make up a 3x5 card dated thirty days ahead, place on this card the date, name and address, limit and source from which account was obtained, and at the end of thirty days have the cards checked in the accounts receivable department to determine whether the account has been used or not. If so, you can determine just how much has been purchased. If not, write a letter expressing concern over the fact that it has not been used, etc. Note the type and date of the letter sent, on the 3x5 card, then place it in a file for this purpose, dating it ahead 15 days (using a date file from 1 to 30), and at the end of 15 days have the card again checked and if the account has not yet been used write the second time, again noting the 3x5 card and again date ahead 15 days.

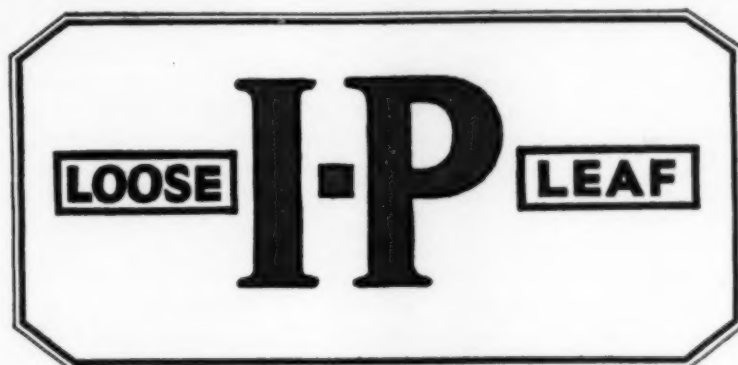
You will find, of course, that the percentage of non-users in this classification will be larger than those who called personally, but the percentage will be materially reduced if a prompt follow-up is made.

purchases. The fact that the percentage is so high in some stores, proves that it is a subject that should be given a great deal of consideration.

A vast amount of time, thought, energy and money is expended annually in planning solicitation campaigns, etc., for the purpose of increasing the number of charge accounts, but the operation is not complete without a definite method for reducing the number of persons who do not avail themselves of their charge convenience, as

NEW ACCOUNTS (3 x 5 Card)

NAME..... DATE.....
 ADDRESS.....
 LIMIT.....
 SOURCE..... FOLLOW-UP:
 AMOUNT PURCHASED..... LETTER NO. 1—DATE
 PAID..... LETTER NO. 2—DATE
 BALANCE..... LETTER NO. 3—DATE



This Trade-Mark Reduces the Worries of Credit Men

*I*RVING-PITT "Records that Talk" help you to speed your collections!

I-P Records enable you to keep your customers' accounts always up to date—to mail out your statements promptly on the first of the month.

I-P Records reduce errors—and save you both worry and embarrassment. Accuracy makes satisfied customers—builds business and distinguishes you as alert and systematic.

I-P Records are easy to use. They save you bookkeeping time and money.

They are speedy and convenient because they are specific records—specially designed to meet the needs of *your* business. No red tape—no superfluous effort! Just necessary facts.

Get acquainted with your Irving-Pitt dealer! He'll show you concrete examples of the way in which I-P can help you.

IRVING-PITT MANUFACTURING CO.
Chicago KANSAS CITY New York

**Visible Records
for Credit Men—**

The No. 1 VI-DEX—a new *Irving-Pitt* product—offers visible records in their most compact, convenient and economical form. Thirty headings are visible at a glance—400 records to a book. You can keep ten volumes—4000 records—in your desk drawer! Credit men say the No. 1 VI-DEX is the greatest "find" in years. Write for illustrated broadside.

\$7.50 Complete At Your Stationer's

Why a Charge Account?

(Continued from page 19)

day plan of payment, makes possible for your customer to select her season requirements early, and have the benefit of their use early while the style is new and at its best, which means so much to the heart of every woman—the payment for such purchases to be made one-half within thirty days from date of purchase, the other half within the sixty-day limit. It is possible that this feature makes equally as strong an appeal to the family of more substantial means. One woman in response to my inquiry said, "The chief reason that I use a charge account rather than pay cash is that it makes it possible for me to buy my spring needs in February when I want to buy them, and pay for them in April, when my husband thinks I should have them."

Fifth: A charge account identifies one as a regular customer and, by so doing, insures her better service on the part of your salespeople. It is pleasing to your customer, and makes her feel more at home in your store

than to be approached by the usual "May I be of service?" or, "May I wait upon you?" Your charge customers become known to your salespeople by their names because this name and the customer's address are given when each purchase is made. Your cash customer may remain Mrs. Blank for a long time, and especially is this true if she pays by currency rather than check. It is not to be overlooked that here you are dealing with human element. It is only human that your sales people will do much more to please your charge customer because she is a regular customer. If your sales service falls short of your fondest hopes, in nine cases out of ten I believe it will be found upon analysis that it is in cases of cash customers who are unknown and whom your sales representative may decide, prematurely, is looking, rather than shopping. This may also be true because such inattention would not have the likelihood of coming to the attention of

to be greeted by her correct name, someone in authority, as in the case of a regular charge patron.

Sixth: In the case of an adjustment, a charge account identifies the customer so that not one of you will look askance when she states the price paid, the date purchased, the service rendered by this particular purchase. Again we take into consideration the human equation. It is human—more than that, it is only reasonable that you will go farther to please a charge customer and have her happy with her every relation with your establishment, because your records disclose in black and white at a glance the value of her account and good-will—whereas, these factors that are worthy of consideration in every adjustment are absent for lack of record in instances of cash sales.

Seventh: Last, but by no means least, running charge accounts on a prompt payment basis establishes credit and, like the owning of a home, identifies one as an integral part of the community in which he or she may live. A few weeks ago I, as a representative

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IF YOU CAN'T ATTEND THE CONVENTION, CAST YOUR VOTE BY PROXY

Proxy for Individual Members

Individual Members may give their Proxies to any member providing they are residents of the same or adjoining state.

KNOW ALL MEN BY THESE PRESENTS, that I hereby constitute and appoint.....

..... as my attorney and agent for me and in my name, place and stead to vote as my proxy at the Annual Convention of the Retail Credit Men's National Association, to be held in Providence, R. I., Aug. 9-10-11-12, 1927.

IN WITNESS WHEREOF, I hereunto set my hand and seal this..... day of..... one thousand nine hundred and twenty-seven.

Sealed and delivered in presence of

Witness:

Name.....

Address.....

Firm.....

NOTE.—The above is an individual member's proxy which should be filled out and given to the appointed delegate from your city. This will allow your delegate to vote in your stead on all convention matters.

If there is no delegate going from your city, you are entitled to send this proxy to any qualified delegate in your state or adjoining state.

If you are not going to be present at Providence, get your proxy in the hands of your delegate at once, as time is getting short.

Opening, Controlling, and Collecting Accounts

By G. S. RIDER

Uniontown Credit Bureau, Uniontown, Pa.

THERE are three important points with every application for an account. First, opening the account; second, maintaining or controlling; and third, its collection. To properly open an account it often requires real tact, because every individual is different and they require different procedure to get the necessary information. There are some who will endeavor to tell you all about themselves in one breath, whom you may call to find out all about them, and at the same time give you every assurance that they will be good credit customers. Then there is another class that will readily answer any questions asked in order to establish the account. There is a third class that is cold, unresponsive, and very careful about giving you any credit information. It is this class of people that require special handling or tact in getting the information. I do not wish to go on record as saying there is any difference in the risks you may take in any of the three classes outlined above. You will find good and bad in all of them.

I believe the percentage of declined applications will be greater in the third class than in the first and second. This is due largely to the credit man not using proper tact in getting the information. To handle the third class applicants I find to engage the applicant in conversation altogether foreign to the idea of opening an account has produced wonderful results. My idea in doing this is to relieve the applicant of any nervous tension or embarrassment they may have for transacting matters of this nature. After you have overcome any embarrassment you will find that it is very easy to go straight on with your application, easily securing all of the information you want. Do not forget

to smile. The "bigger" the smile the easier it will be for you to get the complete confidence of the applicant. The information we secure on all applications is the place of employment, how long, commercial references, and real estate, as well as how large an account will accommodate their needs. After which our terms for payment are fully explained. I consider rating an account and its terms for payment two items of great importance.

Controlling an account, which is the second point of discussion, is aided

this information is carefully noted on the customer's account, which is ready to be used should the customer fail to meet the account as agreed. Another thing by having the account properly rated, should the customer increase the account to more than it is rated you have proper grounds to call a halt. You can say to the customer, "When we had the pleasure of opening the account we were given to understand \$75.00 would take care of your requirements. Your account now shows a balance of \$150.00." You can further say to her, "We must ask you to refrain from further use of the account until satisfactory payment has been made. This, of course, is to be used only on those accounts where the responsibility is not so good. Of course, with some you can arrange for the additional rating, thereby eliminating temporary discontinuance of the account. I find the effect that this has on a customer is 100%. They know they are not permitted to come into our store and run an account four or five times the amount original-

ly agreed upon. If they want more they must see me about it. In other words, a customer who has an account does not have the right to buy just anything she wants and have it charged unless she has the financial assets to take care of it. We use the following code letters, R B P and W, on each of our accounts, and in the corner of the ledger sheet you will find one of these letters. In our authorizing department you will find in our Rand system a letter appearing on each account. These letters represent to the bookkeeper and to the girls in charge of my authorizing department a certain amount of credit to be passed to the individual account. The understanding

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THE SPHINX

National Office Items

BURBANK MERCHANTS STUDY STATISTICS

The Burbank Merchants Association have worked out a novel plan for their monthly meetings. They fill out questionnaires covering cost of operating credit department, collections, etc. Then at their monthly credit luncheon, they discuss individually and collectively these questionnaires, eliminating the names of the reporting firms. This should develop some astounding information and should be of a highly educational nature.

VIRGINIA STATE ASSOCIATION HOLDS INTERESTING SESSION AT VIRGINIA BEACH

We are advised that the meeting June 20th to 22nd, inclusive, of the Retail Merchants Association of Virginia was one of the most educational and instructive conventions ever held. There were about 450 delegates participating and the program from start to finish was of a highly educational nature, and from best information we are able to obtain the social program was from start to finish everything that could be desired.

A few of the outstanding speakers were: Mr. E. W. Broidy, Chairman National Controllers Congress; Mr. Stephen H. Talkes, Chairman of the Credit Service Exchange Division, and Mr. W. H. Schwarzschild. The entire program was replete with decidedly educational addresses which were followed in each case by general discussions.

PENSACOLA BUREAU IS GETTING RESULTS

The following extract from a letter received from Mr. Heinberg, manager of the Retail Merchants Credit Bureau of Pensacola, shows quite an enviable record in collections:

"We started our bureau here, getting in full swing about January 1st of this year. About the middle of February, one of our subscribers turned over to us a list of accounts that he seemed to be unable to collect, amounting to \$3,961.89. He has reported so far to us that he has collected on these accounts \$1,250.37, which we think is not a bad record, considering the short time that we have been doing business."

DENVER IN 1929

The Associated Retail Credit Men of Denver, through their able spokesman, Mr. Chas. M. Reed, have announced that Denver will entertain the 1929 convention. They seem so sure that they are not putting it in the form of an invitation, but have taken it for granted that the membership will desire to go to Denver in 1929. Judging from the elaborate plans that are already being made to entertain the convention in Estes Park, the playgrounds of the Middle West, the convention will make no mistake in accepting Denver's invitation. Charley Reed says that Estes Park is one of the most beautiful spots in the world, and that they have everything from pasture pool to real mountain trout.

NEW ENGLAND CONFERENCE BOOSTS NATIONAL CONVENTION

The following resolution was passed at the New England conference held at Boston, which is self-explanatory:

WHEREAS, Providence, Rhode Island, is honored this year as the city where our Retail Credit Men's National Association will hold their annual convention, and WHEREAS the Retail Credit Grantors of New England are deeply interested to make this National convention the biggest and best convention of credit men ever held,

BE IT RESOLVED, that the retail credit grantors here assembled pledge themselves to attend and promise to use their influence in encouraging other retail credit grantors in their community in attending the Retail Credit Men's National Convention at Providence, Rhode Island, August 9th to 12th, inclusive.

We hope the other states and individual associations will get the same spirit so that we will go to Providence 10,000 strong.

Director J. Albert Blake, of the Retail Credit Men's Association, Denver, has a way of impersonating the English nobility. He may usually be found on dress parade smoking a six-ounce pipe, and wearing a monocle, and a very genial disposition. On trying to learn just why this is done, we have finally discovered that our good

friend Albert, has, for some reason, associated the British Empire with a mighty good auto tire. Albert handles the India tire, in this territory. We are next looking for him to give his address as Bombay, instead of the Cartwright Tire & Rubber Company, Denver.

SEDALIA, MO., 100% NATIONAL

Hats off to Mr. Jones, owner of Sedalia Credit Exchange! Why? Because he has made his membership 100% National, and, as his bureau is privately owned, he will have to pay out of his own pocket if his members do not. We hope Sedalia merchants appreciate what Jones is trying to do for them in building a credit organization.

"AUTOMATICALLY STEVE"

"Automatically Steve" automatically came to St. Louis, and automatically was invited to the local meeting, where he automatically made a good address, automatically won favor with the ladies, automatically found many dancing partners with which he automatically became popular, automatically he enjoyed the evening, going home automatically at the conclusion of the evening with our service secretary.

A NEW ONE FOR AUTOMOBILE MEN

A man called on a Saturday afternoon after banking hours at a Los Angeles automobile agency, handling cars of about \$3,000.00 valuation, and purchased a car, giving a check in full payment.

He drove the car around a few blocks and up to a second hand car company where he offered the car for sale for \$1,500 cash, as he said he had just bought it but found it was a lemon. The second-hand man tried the car and finding it satisfactory became suspicious and phoned the auto agency where the car was purchased.

The agent decided the check given in payment was no good and phoned the police. The police arrested the man and lodged him in jail until Monday morning, when it was found the check was O. K. The man was accordingly released and sued the auto agency for \$100,000.00 for false arrest. Settled out of court for \$25,000.00.

—Bellflower Bulletin.

Letters that Win Out

(Continued from page 21)

persons have the capacity to grasp and retain a number of thoughts simultaneously, and a letter which is crowded with ideas, although well expressed, may serve to confuse rather than to enlighten the reader. The best business letter is one which states and emphasizes a single point so that the reader's attention is concentrated and his interest centered.

It is very much more difficult to do business satisfactorily by letter than it is by personal negotiation. In conversation the speaker can watch the effect of his words upon the listener and may shift his line of approach as he notes whether or not his arguments are making the desired impression. A spoken sentence may be explained or revised if it is not properly understood, or if it fails to create the proper conception. But the letter once mailed must stand as the unamendable thought of the writer, and the impression which it creates in the mind of the reader is definite and indelible.

Robert Louis Stevenson, than whom no man, of modern times at least, has known better how to express his thoughts, tells of writing a letter to a friend which very nearly caused a serious quarrel between them. Meeting the friend shortly after, Stevenson said exactly the same thing he had written, and added worse, without giving the friend the least offense. When an artist of Stevenson's quality found it difficult to make himself completely understood on paper, it is little wonder that the ordinary letter writer should have trouble in getting his ideas across with the effect which he desires. However, the very fact that effective letter writing is a difficult art furnishes all the greater reason why it should be studied and why a constant effort should be made to improve the quality of correspondence.

VISUALIZE THE INDIVIDUAL

The writer of many letters should make a study of his correspondents so as to conform his epistles to the taste of the individuals addressed. While a business letter should never be frivolous, there are degrees of dignity which will appeal to different men. Some individuals are cast in a stern material mold, and to them the cold, bare facts

and figures carry the strongest message. Such a man easily can be placed by the letters which he himself writes, letters devoid of any adornment, going straight to the point and wasting no meaningless words in formal salutation or in dressing up the context. But the letter which would please the man of such disposition would repel the less serious minded, and perhaps give him the impression that the writer was a person with whom he would not care to do business.

To summarize: the business letter should be brief and directly to the point; it should be as interesting as the subject permits, and few subjects are uninteresting if properly handled; it should be confined to one subject; the opening should be designed to tell the reason for the letter and to tell him in such a way that he will desire to read more; a single page letter is better than a double page letter; short lines and wide margins make easy reading, and the letter which is mechanically attractive will always receive preferred attention.

Again this year the Associated Retail Credit Men of St. Louis are going to Providence in a special train, and have provided better than ever for the comfort and sight-seeing of those that accompany them. The train will be operated over the Baltimore & Ohio Railroad, the scenic line between St. Louis and the East. The equipment will be the very best on wheels, including all the trimmings, such as maids, valets, barbers, stenographers, and shower baths. Every little old thing is arranged for the most fastidious. This trip will be a vacation trip of 15 days, going through Cincinnati, Philadelphia, Washington, New York, and Providence. Returning through Boston, Quebec, Montreal, Toronto, Niagara Falls and Detroit.

In all these cities, where time will permit, we have arranged for entertainment and sight-seeing. This trip will be the best thing that money can buy and you and all your friends, whether credit men or not, are invited to go with the livest bunch of credit men in the country.

NOW READY FOR DELIVERY!!

THE 1927 Roster R. C. M. N. A.

Contains the name, address and business of every member, arranged alphabetically by States and Cities.

Order a copy and know who's who in your organization.

Convenient to keep on your desk for reference. You never know when you may desire to get in touch with a fellow member.

Fifty Cents Per Copy

ORDER FROM

The Retail Credit Men's National Association

Equitable Building

ST. LOUIS, MO.

Why a Charge Account?

(Continued from page 24)

of the credit men of Dallas, sat in the conference of the directors of the annual thrift campaign, which has now become a national educational movement. During the course of the discussion, a man from one of our eastern cities, who had been an apartment dweller all his life, stated that from an economic standpoint he was inclined to doubt the wisdom of encouraging the investment in home ownership. Immediately one of our outstanding local citizens, whose holdings are now valued at hundreds of thousands, and who some thirty years ago was only a wage earner, defended this movement for home ownership in his habitually quiet manner from his own personal experience. "The first investment that I ever made in my life," said he, "was in that first modest little home. The monthly payment was slightly more than I had previously paid as rent. The months rolled swiftly by and it seemed only a short time until I took the last note marked 'Paid' home to Mary. Though years have passed and the actual dollars and cents now seem trivial, I am going to tell you that that was one of the happiest days of my life. It had taught me among other things to save—but probably greater than that, it had taught me to exercise my citizenship. I was a part of every movement for the community's betterment. I counted as my friends and learned from the leaders of such movements. Indeed, it was one of the biggest and best investments I ever made." Likewise the establishing of personal credit has come to be recognized as one of the important steps in becoming a part of any community. From the standpoint of establishing this great asset, CREDIT, I am going to venture the statement that the individual charge account has been the basis, or foundation, upon which more commercial credit has had its origin, and has been built, than upon any other contributing factor, and justly so, because here the character of the risk and paying habits are revealed. Many times you, when extending credit in your own business or serving on the discount committee of your local bank, have perused carefully the statement of many a small business, and have been guided to no small degree in providing

their requirements by that concluding paragraph on the statement of Bradstreet or Dunn: "The management is considered of good ability, enjoy an excellent reputation in the community in which they live, and pay their personal obligations promptly."

Now from your own standpoint—you, the merchant—why a charge account? Why a credit department?

First: It is an element of service that the public has come to expect and to demand of the first-class, progressive, dry goods store. If you doubt this, try to name several leading stores of this state or nation that have successfully operated without maintaining such a service. I think of only one that could be counted as a distinct success, and it operated in the largest city in our land. About two years ago, however, its management decided that their volume could be materially increased by the addition of a credit department, and I have been told that this increase has been realized beyond their fondest hopes. Indeed, gentlemen, one of the reasons that you are a successful dry goods merchant and a member of the Texas Retail Dry Goods Association is that you have been able to interpret this public demand, and supply it through your merchandising and service departments.

Second: Your charge account customers are a mailing list that is almost invaluable. By using this you are able to direct your advertising in its most fertile channels. All of you, I dare say, have had phenomenal sales as a result of announcements of unusual values directed in this manner.

Third: The charge account promotes an acquaintanceship with your customer, makes her feel at home in your shop, and inspires that feeling of personal interest on her part that is such a large factor in the psychological process of her thought of her apparel needs being followed immediately by the thought of your establishment, resulting in her visit and subsequently her purchases, which are charged to her account.

Fourth: In this age of keen competition, your merchandise must be right, but more than that, the public is each year demanding a fuller measure of personal service in each transaction.

The apparel which you sell must be properly and courteously fitted, delivered in perfect order promptly when promised, and if we may be guided by the handwriting on the wall (namely, that from fifty to eighty-five per cent of your total sales are charge sales), a large portion of this must be courteously charged to your customer's account, and statement rendered at the end of the month.

Fifth: A charge account is a business builder. It serves as one of your strongest incentives to obtain new customers. Each of you, through your credit departments, are constantly soliciting new accounts and this cordial invitation brings you many customers that you would not otherwise be privileged to serve. From our charge patrons, we constantly hear of others that should have accounts with us. Such an occasion, followed by an announcement to the prospective customer three weeks ago that her name had already been entered as a regular charge patron, resulted in our selling a new customer a thousand dollars worth of merchandise during the month of March. Many similar instances resulting in similar and smaller sales could be enumerated, and don't lose sight of the fact that this new charge customer is almost always a repeater.

Sixth: You are in business to sell merchandise at a profit. Your charge customers buy early in the season at the regular mark up, while your sales reports will reflect that the cash customer is most often a bargain hunter, and a large portion of your sales to this class of customer are made without profit and often at a decided loss. I am going to venture the statement here that other contributing factors being equal, there is a converse relationship between the percentage of your charge sales to your total volume and your markdowns to your total sales.

Seventh: The element of credit in making the sale, that which makes it possible to pay later rather than at the instant the sale is made, is from a psychological standpoint second only in importance to the actual thing being sold. There will be not one single dissenting opinion here because each of you, in helping someone of your sales staff close finally that big sale, have told your substantial customer that

(Continued on page 31)

A Modern Melodrama

By B. K. KNAPP,

Credit Dept., Columbia Valley Lbr. Co., Wenatchee, Wash.

Scene:

Chain lumber yard in small town.

Scenery:

Piles of lumber and shingles. Calendars and advertisements on the walls advertising cement, composition shingles, paint, brick, plaster, etc.—ad lib, ad infinitum.

Characters:

KENNETH O'LOAN, a yard manager.
OWEN MOORE, a penniless building contractor, with an abundant nerve and much personality.

KENNETH O'LOAN: "Hello, Owen, how's every little thing today?"

OWEN MOORE: "Everything fine and dandy, Ken. Just finished those two houses and hope to sell 'em soon and pay your bill."

KENNETH O'LOAN: "Oh, that's all right, Owen. Take your time. We're glad to accommodate you. Can't we sell you some more lumber today?"

OWEN MOORE: "Well, I dunno, maybe. I was thinkin' of startin' another house, but I ain't got the lot yet."

O'LOAN: "How about that lot of mine up on Podunk Street? I'll sell you that lot cheap."

MOORE: "How much do yuh want for it?"

O'LOAN: "Thousand dollars."

MOORE: "What terms?"

O'LOAN: "Oh, any old terms, just so's I get good security. I'll discount 'er 5% for cash, or if you'll pay three or four hundred down you can have all the time you want on the rest, pervidin' you gimme a first mortgage."

MOORE: "Sure, I'll do that. I'll jest take that lot and give yuh a check for three hundred dollars right now. You gimme an abstract and if the title is good I'll give yuh a first mortgage for the balance, payable in three years."

O'LOAN: "All right, it's a go. Now, how about the lumber for your house?"

MOORE: "Well, Ken, yuh always been pretty good to me, and your competitor down the street has been tryin' to git my trade; yet, if you'll gimme the right kind of a deal, I think I'll buy the lumber from you."

O'LOAN: "What kind of deal do you want, Owen?"

MOORE: "Well, I want time enough so's I can build the house and kin sell it, 'cause I can't pay yuh nothin' for the lumber until I sell the house."

O'LOAN: "Oh, that's all right, Owen—just let's have your bill and we'll start deliverin' the material tomorrow morning. You'll want about two thousand dollars worth of stuff, includin' your cement, plaster, lumber, shingles, lath, hardware, nails, paint, lime, and so on. We'll send you up a load of cement in the mornin' and follow it up and give you the material as fast as you want it."

MOORE: "All right, g'bye Ken."

O'LOAN: "G'bye."

* * *

How often does this drama or near tragedy occur? The employee in handling his own money and his own property takes every precaution to see that there is no possibility of loss. He puts forth his pleasant personality, succeeds in making the sale of the lot,

but protects himself against any possibility of loss. He is secured by first mortgage and his own money is absolutely and positively safe.

But when he comes to handling the money of his employer, he neglects the ordinary precautions—there is no limit to the amount of goods he will give to the prospective buyer, even though there is no sound basis for the credit. He trusts to luck—he takes a chance.

Fortunately this is not always the case, but it happens with sufficient frequency to "give us pause."

OVERLOOKED OPPORTUNITIES

Solicit your own customers as intelligently, as enthusiastically, and as consistently as you go after so-called new business. Remember that it is new business if old customers trade up. You have the best opportunity with your old customers of any candidates for your product. They know your house, they know your terms, they know your ways of doing business.

HOW ABOUT IT?

Mr. Spenditt—Any installments due today, Ma?

Mrs. Spenditt—No, John, I think not.

Mr. Spenditt—Any payments due on the house, the radio, the furniture, the rugs or the books?

Mrs. Spenditt—No, dear.

Mr. Spenditt—Then I have \$10 we don't need. What do you say we buy a new car?—*Kreolite News*.

CLEVELAND COLLECTIONS are SOLICITED

DEPARTMENT
owned and controlled by representative
retail establishments of
City.

Association will accept,
and solicits, all forwarded
claims for collection.

Address

The Cleveland Retail
Credit Men's Company
405 Chamber of Commerce
Building - Cleveland, Ohio

WANTED: CREDIT AND COLLECTION MANAGER. Modern men's and boy's clothing store requires the service of experienced credit manager, one who is thoroughly versed in accounting and office management, including business promotion through credit department. Give full particulars as to ability and references as to your work, personality and character, state age, whether married or single and salary desired, also send photo. Correspondence confidential. Selber Bros., Inc., Shreveport, La.

Opening, Controlling, and Collecting Accounts

(Continued from page 25)

I have with the bookkeepers is to the effect that when an account is increased to the amount corresponding to the letter, I am to be promptly notified of it. In this manner we experience very little difficulty in customers buying more than they are rated.

Now the third and last point to be considered in handling a charge account is its collection. I will agree with anyone that proper collection of an account is a subject that gives us credit men food for real thought. I am very glad to say, at this time, that I have never experienced any real difficulty in maintaining a good collection percentage. Possibly I owe my success to Mr. A. N. Fraser, secretary and treasurer of Boggs and Buhls, of Pittsburgh, who for three years gave me proper schooling in credit work. I might say that since leaving Mr. Fraser's office I have found the collection of an account is made much easier if the application has been properly taken and the rating and terms fully discussed, or to be sure the customer fully understands her rating and the terms of payment. I also find that to follow up closely and promptly any and all promises made will also aid in making a collection easier. If one of my customers promised to pay me on the 25th of the month and I do not receive its payment, on the morning of the 26th the customer is courteously notified of her failure to take care of the account as agreed. Never allow the customer to feel you are not interested. If your system is not right up to the minute you will soon convey the idea to the customer that ten days or two weeks or even a month more will not make any difference to you. This will result in the customer becoming careless about meeting their obligations, and then when it is necessary for you to really mean business about the collection of the account, you sometimes incur the ill will of the customer and in some cases lose them entirely. My present system of collecting accounts has shown wonderful results. It is not necessary for me to write threatening letters in order to secure payment of my accounts. At first the usual itemized bill is rendered, and the first of the

following month, or thirty days from the time the itemized bill is mailed, if the account has not been paid, a statement is mailed to the customer and a duplicate is retained in my files and is filed ahead just fifteen days. If I have no response to this it is again followed up on the 15th with a typewritten message on the statement, courteously asking them for its payment. Usually about four out of five respond with payment in full. The other it is necessary to put through a more rigid course of collection. This is done by specially dictated letters that are firm but courteous, requesting payment of the account. I have used some form letters and while there are some who are against them, I cannot say but what they have produced results for me equal to my present system. When I used form letters I was careful that the multigraphing was made to exactly match that portion of the letter which was to be filled in with the typewriter. The multigraph letters that I have used for my collections could not be detected from the usual typewritten letter, so I do not wish to make any discrimination of them. To me it does not matter what system you use. It is the results that tell the story. I have been with the Wright-Metzler Company, of Uniontown, seven years, ending December 1, 1926, and my per cent of losses is $3/5$ of one per cent. This is the seven years' average. The average collection percentage for the seven years is 44.8. I wish to further state that this percentage has been maintained without the aid of a credit bureau.

Our Uniontown credit bureau was organized October 1, 1926, and from present indications it will reduce our profit and loss 50%. After our bureau was organized the members wished to convey to their customers that they belonged to the Uniontown credit bureau. I originated the idea of placing the name "The Uniontown Credit Bureau" around the emblem of the National Association. This emblem of membership is the size of a quarter and we have it printed on our statements. Already the members using it report a very favorable increase in collections.

Use These Electros

On your letterheads, bills and statements. Cuts below are actual size.



50c



50c



75c

Put the power and prestige of this Association behind your collection work.

Order from

National Office
Equitable Building
Saint Louis

Why a Charge Account?

(Continued from page 28)

you would be happy to send statement for the purchase involved sixty or ninety days hence, or to meet her reasonable needs, and not to worry about that now, and followed with the query, "Shall we send it out this afternoon?" and have received that soulful reply, "Well, it doesn't matter, this afternoon or tomorrow, either will be alright."

If you doubt this statement, consider just for a moment that this credit element in selling has come to be recognized to the extent that there is right around the corner from you a store that to all appearances is operating successfully, which daily advertises and sells the charge account "Credit," because they find it easier to sell this service than the particular type of merchandise which they offer.

If there should be a "doubting Thomas" on this question, let us profit by the experience or example of one of our largest industries. About twenty years ago some one started a revolution in traffic when he put a one cylinder gasoline engine under the seat of a buggy and run it without a horse. Since that time the automobile industry has grown to where it ranks in our country second only to that of agriculture. Certainly no one will question that the ability to have automobiles charged has been of major importance in promoting their sales, when probably more than ninety per cent of the actual sales are on a credit basis, and as a byproduct of such sales of one group of manufacturers, there has risen a banking institution for the handling of this paper that in size ranks third among all of the banks of this country. I refer to none other than the General Motors Acceptance Corporation.

Eighth: The charge is such an incentive to build sales, it makes it so easy to buy, that it will increase the amount of sales to the individual customer. This fact is so well established that it does not need further comment.

Ninth: And last, but by no means least: *Business relationships that are bulked on mutual confidence well founded are lasting relationships.* Confidence on the part of the customer, who may be an expert shopper in one depart-

ment, but seldom an expert in every department, that you will furnish her merchandise that will represent value, that it will be correct in style, and that if it fails in any particular you stand ready, yes, happy to see that she is rendered a full measure of service and satisfaction from each purchase. Confidence on the part of the merchant that the customer will be fair in all things, that she will not make claims that are unjust, and that she will pay her accounts when due. Every one of us is trying to build bigger businesses, and I am going to reiterate the statement here that one of the soundest, surest, and quickest ways to do this is to make every deserving customer a charge customer, and place at her command every approved service of modern merchandising to the end that she may be indeed a satisfied customer—verily, as the old axiom states, your best advertisement—and to this number be alert always to add new accounts.

Join Special Train from St. Louis and make reservations at once.

FOR SALE: Privately owned bureau (incorporated), in Western town of 13,000. Income: Membership, \$400 per month; reporting, \$80 to \$100 per month; collection commissions and miscellaneous revenue have averaged \$375 the past twelve months. Aggressive manager who understands the business can double membership and reporting revenue and quadruple collection commissions. Will sell outright or sell 51% of the stock to the right man who can take full management. Owner has other interests and present arrangement of salaried management not working satisfactorily. Recent developments assure this town of rapid growth to city of 20,000 to 30,000 in next few years. Business established four years. Address Box R, c/o the CREDIT WORLD.



Mr. B. W. Donohoe, for some time past Credit Manager for The Damschroder-Berry Co., of Toledo, Ohio, we understand has severed his long connection with that firm and is now with The City Loan & Savings Co., of that city.

We sincerely trust that Mr. Donohoe and his new connection will benefit from the change. He has our best wishes.

You need money
So do we,
But you've got ours
Don't you see?

If you keep yours
And ours, too,
What in the world
Are we going to do?

The amount is \$152.00
Check—
Thanks.

—Copied N. A. C. M.

Credit Bureau's Value to the Retailer

(Continued from page 8)

every possible assistance and each new station is a strong link in the chain of evidence against the undesirable credit risk.

Words are futile without action. The best way to demonstrate the necessity of close harmony with your reporting bureau is to renew your pledge of co-operation, call first and charge afterwards. You will find that the value of the credit bureau to the retailer is one of the finest and most important elements of retailing in this country today.

...“Kardex has been instrumental in minimizing our losses from bad accounts”...



Mr. H. T. Riddick,
Assistant Treasurer
of The Osborn Manu-
facturing Company,
Cleveland, Ohio,
heartily endorses
Kardex.

—says Mr. H. T. Riddick, Assistant Treasurer of The Osborn Manufacturing Company, Cleveland, Ohio. And says Mr. Riddick: “We have found Kardex to be a great help to us in the entering of orders and in maintaining reliable credit control. This system saves considerable time in the entering of orders, since it furnishes us with a ready reference as to price, items previously furnished and other information of value which permits us to handle customers’ orders with dispatch.

“Red credit signals placed and removed by the credit department insures the reference of all new and questionable accounts to the credit department before entry of the order.”

FROM Maine to California and from Canada to the Gulf, Kardex Credit and Collection records are daily aiding hundreds of successful manufacturers and retail stores in various lines of business to make speedy authorizations in credit sales and to maintain an accurate check on collections.

What Kardex is doing for these firms it will do for you. Without any obligation on your part call in the Kardex man and let him explain in detail the functions of Kardex Credit and Collection records, and just how they may be applied to your business. There is a Rand Kardex Service office near you.

KARDEX

DIVISION OF REMINGTON-RAND



Kardex installation in the home
office of The Osborn Manu-
facturing Company, Cleveland, Ohio.

For those interested in deferred payment selling, we have prepared a very interesting booklet, “The Deferred Payment Plan for Retail Stores.” The coupon will bring you a FREE copy. Mail it today!

Rand Kardex Service, Dept. CW-7,
Tonawanda, N. Y.

☐ Please send us a free copy of your booklet, “The Deferred Payment Plan for Retail Stores.”

☐ We would like to have a talk with the Kardex man. Please have him call.

Name

Firm

City State

